

## ***Accreditation Status***

In order to bill for reimbursement from Medicare, Medicaid, and third party insurance, the TDH hospitals may be certified by the Health Care Financing Administration (HCFA) or the established hospital accreditation authority, the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). Institutions accredited by JCAHO are deemed to meet the Medicare conditions of participation. Certification surveys performed by HCFA are typically more detailed than the accreditation surveys performed by JCAHO. HCFA determinations of provider compliance with the Medicare conditions of participation are made as often as HCFA deems necessary and may be for more or less than a 12-month period. The JCAHO survey evaluates a hospital's compliance with JCAHO-defined standards relating to patient care, organizational support, and structural requirements. Accreditation by JCAHO is effective for a three-year period and is necessary for participation in most third-party reimbursement programs including Medicare, Medicaid, most commercial managed care, and federally sponsored grants. Maintaining Medicare/Medicaid certification is very significant since the hospital receives Medicare and Medicaid reimbursement for services and the State receives substantial Medicaid funding through the DISPRO funding mechanism for both hospitals.

Both of the TDH hospitals were surveyed in November, 1996, by JCAHO. (See Appendix B for survey reports.) The hospitals were granted continued 3-year accreditation, contingent however on enacting a plan of correction for the deficiencies cited. (See the Kennedy report attached as Appendix A ). Most of the deficiencies cited by the JCAHO related to the aging physical infrastructure and not the quality of patient care services being delivered by the staff. An analysis presented in January, 1997 by TDH hospital management indicated that in addition to losing DISPRO funds if JCAHO accreditation is revoked, the hospitals would also lose additional funding as follows:

1996 Amounts	
• Reappropriated Receipts (Medicare, Medicaid, insurance, etc.)	\$4,505,744
• Federal Fund Research Project Grants	595,760
	Total <u>\$5,101,504</u>

Other negative impacts relating to the loss of JCAHO accreditation include:

- Discontinuation of medical school and other academic affiliations.
- Loss of nationally recognized service standards.
- Risk/liability exposure.
- Less effective support for licensure of professional staff.
- Increased difficulty of recruiting professional staff.